

**Remarks Prepared for MMS Director Luthi
Chukchi Sea Sale 193
February 6, 2008**

Good morning.

It's great to be here with you today for this important, and much discussed lease sale. It has been a very strong, and sometimes heated, discussion, and I believe it should be. We are faced with important decisions regarding our nation's energy security and our nation's environment. Since we our decisions are based on science, we can not make sound decisions without candid discussion.

Our nation's demand for energy is increasing. We can either close the gap with domestic production, or increase our reliance on foreign sources. This sale represents an opportunity to lessen that gap. But, we must take care to protect the environment that is so critical to the culture and way of life for the people and animals that live in this region. While it is a difficult challenge, I believe that together, we can achieve the balance between maximizing domestic energy production and minimizing environmental impact, and the work we have accomplished in preparation for this sale is an example of how that is done.

The Chukchi Sea, with the potential of being a significant source of oil, is widely considered one of the last energy frontier areas in North America. I believe It should not be looked at as a "last" frontier, but rather a frontier of unlimited opportunity as long as we have our environmental protections in place.

The Chukchi Sea has an estimated 15 billion barrels of conventionally recoverable oil and 77 trillion cubic feet of conventionally recoverable gas in its federal sea bed. These resources will help our country's energy security at a time when the world's energy situation continues to be strained. Energy development is important to the well being of our nation and to Alaska, but it must be done through careful, environmentally-sensitive energy exploration. At MMS, that's a guiding rule, and one we take very seriously.

We understand the importance of the Chukchi Sea to the people who live along its coast and use its resources. As we prepared for this sale, we consulted with the State of Alaska and the communities and leaders who are familiar with the Chukchi Sea, including the North Slope Borough and Native villages of Point Hope, Point Lay, Wainwright, Barrow, and the Inupiat Community of the Arctic Slope.

We developed and will enforce stipulations for this sale to protect the environment and the resources upon which local communities depend. Among these stipulations is the requirement that companies design their activities so that they are compatible with the bowhead whale subsistence hunt and other marine mammal subsistence harvesting activities.

As part of our discussions with the Fish and Wildlife Service, we also removed the nearshore waters ranging from about 25 to 50 miles from the coast from the sale proposal. This includes the near-shore "polynya" through which the bowhead and beluga whales, other marine mammals, and marine birds migrate north in the spring, and in which local communities subsistence hunt.

There has been much discussion about the status of the polar bear, and if it should be listed under the Endangered Species Act. When the decision is made by the Fish and Wildlife Service, if it's a determination that the bear should be listed, then additional consultation will be required as we evaluate exploration and development projects. Regardless of the decision though, many steps have already been taken to mitigate any impact to the bear and its habitat.

Among these are:

- **Additional environmental analysis:** we proposed and started work on the Chukchi Sea lease sale as part of the 2002 to 2007 Oil and Gas Lease Program, but delayed the sale until the 2007 to 2012 Program to complete our environmental analyses.
 - It is important to note that both Five Year Programs included comprehensive Environmental Impact Statements under the National Environmental Policy Act, and we prepared an additional EIS for sale 193.
 - For sale 193, we consulted with the Fish and Wildlife Service and the National Marine Fisheries Service. Both agencies issued “no jeopardy” biological opinions for the sale and resulting exploration.
 - Both Five Year Programs and the sale were subjected to rigorous public scrutiny.
 - Both Programs were provided to Congress as required by law, and Congress, as a body, did not take action to disapprove either Program.
- Our analyses also included coordination with local governments and federally recognized Tribes and compliance with statutes such as the OCS Lands Act, the Endangered Species Act, the Marine Mammals Protection Act, the Magnuson-Stevens Fishery Conservation and Management Act, and the Coastal Zone Management Act.
 - Through these reviews, we assessed the potential direct, indirect, and cumulative effects of the lease sale on marine mammals, including polar bears, and subsistence activities.
- And, in addition to all of these measures and our comprehensive regulatory program, leases issued from this sale will include stipulations for protection of biological resources, including marine mammals and migratory and other protected birds, and, as I mentioned before, methods to minimize interference with subsistence hunting and other subsistence harvesting activities.

We look forward to your continued commitment to the environmentally responsible exploration of energy resources on our nation’s Outer Continental Shelf and for your commitment to work with local communities to ensure the safety of operations and the protection of the environment.

Our nation’s demand for energy is increasing. Meeting that demand through carefully managed domestic production has to be a priority. Our first priority, though, is that all activity on the OCS be conducted safely and in an environmentally responsible manner.

The offshore industry has an excellent record. We at MMS will continue to work closely with all of you to maintain that high standard.

Thank you.